

**SCHOOL DISTRICT ALLIANCE, INC.**

**FINANCIAL STATEMENTS**  
**WITH SUPPLEMENTAL INFORMATION**

**YEAR ENDED DECEMBER 31, 2010**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/17/11

**SCHOOL DISTRICT ALLIANCE, INC.  
FINANCIAL STATEMENTS  
WITH SUPPLEMENTAL INFORMATION  
YEAR ENDED DECEMBER 31, 2010**

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**A PROFESSIONAL ACCOUNTING ORGANIZATION**

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*Louisiana Society of Certified Public Accountants*  
*American Institute of Certified Public Accountants*  
*Association of Governmental Accountants*  
*Governmental Audit Quality Control Center*

**INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees of  
School District Alliance, Inc.  
3851 S. Sherwood Forest Boulevard  
Suite 203  
Baton Rouge, Louisiana 70816

We have audited the accompanying statement of financial position of the substance abuse programs of Student District Alliance, Inc. as of December 31, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

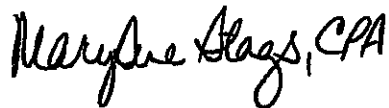
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The beginning balances were not audited or reviewed. It was cost prohibitive for us to extend our procedures to confirm the balances at January 1, 2010.

In our opinion, except for the impact on the financial statements described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the substance abuse programs of School District Alliance, Inc. as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 22, 2010, on our consideration of the substance abuse programs of School District Alliance, Inc.'s internal control over financial reporting and on our tests of its compliance with laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.



Mary Sue Stages, CPA  
A Professional Accounting Organization  
June 22, 2011

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## **FINANCIAL STATEMENTS**

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**SCHOOL DISTRICT ALLIANCE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2010**

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**ASSETS**

Accounts receivable	\$ 86,668.75
Due from director	17,902.61
Restricted assets:	
Cash and cash equivalents	277,639.27
Investments	439,197.61
Security deposit	1,344.00
Property and equipment, net of accumulated depreciation	<u>2,432.89</u>
TOTAL ASSETS	<u><u>825,185.13</u></u>

**LIABILITIES**

Accounts payable	13,721.37
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**NET ASSETS**

Restricted for educational purposes	806,159.77
Unrestricted	<u>5,303.99</u>
Total Net Assets	<u><u>811,463.76</u></u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>825,185.13</u></u>

See Accompanying Notes and Independent Auditors' Report

**SCHOOL DISTRICT ALLIANCE, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2010**

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**UNRESTRICTED NET ASSETS**

**UNRESTRICTED REVENUES AND GAINS**

Contributions and other revenues	\$ 5,303.99
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Total Unrestricted Revenues and Gains	5,303.99
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**NET ASSETS RELEASED FROM RESTRICTIONS**

Restrictions satisfied by payments	<u>503,873.14</u>
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Total Unrestricted Revenues, Gains and Other Support	509,177.13
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**EXPENSES**

Program Services	
Substance abuse programs	502,047.87

Supporting Services	
General and administrative	<u>1,825.27</u>

Total Expenses	<u>503,873.14</u>
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INCREASE IN UNRESTRICTED NET ASSETS	5,303.99
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**TEMPORARILY RESTRICTED NET ASSETS**

Support for prevention of substance abuse	894,256.87
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Net assets released from restrictions:	
Restrictions satisfied by payments	<u>(503,873.14)</u>

INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	<u>390,383.73</u>
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CHANGE IN NET ASSETS	395,687.72
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NET ASSETS, BEGINNING OF PERIOD	<u>415,776.04</u>
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NET ASSETS, END OF PERIOD	<u><u>811,463.76</u></u>
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See Accompanying Notes and Independent Auditors' Report

**SCHOOL DISTRICT ALLIANCE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2010**

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<u>Account Name</u>	<u>Program Substance Abuse</u>	<u>Supporting General &amp; Admin</u>	<u>Total</u>
Accounting	\$ 5,121.45	\$ 269.55	\$ 5,391.00
Depreciation	1,521.09	80.06	1,601.15
Employee benefits	19,047.10	-	19,047.10
Insurance	4,376.10	230.32	4,606.42
Interest	-	127.48	127.48
Materials and supplies	88,297.53	-	88,297.53
Office and supplies	16,365.13	861.32	17,226.45
Professional fees	9,619.82	-	9,619.82
Rent	393.75	-	393.75
Salaries and related taxes	313,929.62	-	313,929.62
Telephone	4,874.32	256.54	5,130.86
Training/continuing education	13,598.50	-	13,598.50
Travel	24,903.46	-	24,903.46
Total Expenses	<u>502,047.87</u>	<u>1,825.27</u>	<u>503,873.14</u>

See Accompanying Notes and Independent Auditors' Report



**SCHOOL DISTRICT ALLIANCE, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2010**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from grantors	\$ 835,056.39
Cash received from donors and other sources	5,303.99
Cash paid to suppliers for goods/services	(165,131.04)
Cash paid to employees/contractors for services	<u>(320,303.37)</u>

Net Cash Provided by Operating Activities 354,925.97

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of capital assets	(3,041.11)
Purchase of equitable securities	<u>(110,000.00)</u>

Net Cash Used for Investing Activities (113,041.11)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Loans to director	<u>(11,702.61)</u>
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Net Cash Used for Financing Activities (11,702.61)

INCREASE IN CASH AND CASH EQUIVALENTS 230,182.25

CASH AND CASH EQUIVALENTS, BEGINNING	<u>47,457.02</u>
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CASH AND CASH EQUIVALENTS, ENDING	<u><u>277,639.27</u></u>
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**SCHOOL DISTRICT ALLIANCE, INC.**  
**STATEMENT OF CASH FLOWS (Continued)**  
**YEAR ENDED DECEMBER 31, 2010**

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**RECONCILIATION OF CHANGE IN NET ASSETS TO NET  
CASH PROVIDED BY OPERATING ACTIVITIES**

Change in net assets	\$ 395,687.72
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	1,601.15
(Increase) decrease in assets:	
Accounts receivable	(59,200.48)
Increase (decrease) in liabilities:	
Accounts payable	<u>16,837.58</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>354,925.97</u></u>

See Accompanying Notes and Independent Auditors' Report

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## **NOTES TO FINANCIAL STATEMENTS**

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**SCHOOL DISTRICT ALLIANCE, INC.**  
**INDEX TO NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010**

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**SCHOOL DISTRICT ALLIANCE, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010**

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**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

The School District Alliance, Inc. (hereinafter referred to as the Organization) began operating as a non-profit corporation in 2002, and is domiciled in Baton Rouge, Louisiana. The Organization conducts educational programs in Baton Rouge and New Orleans related to the prevention and treatment of substance abuse. Its funding comes primarily from federal grants issued for such purposes as a result of the Public Health Services Act.

The accounting policies of the Organization conform to accounting principles generally accepted in the United States of America as applicable to non-profit organizations. The significant accounting policies are as follows:

**Method of Accounting**

The financial statements of the Organization have been prepared utilizing the accrual basis of accounting.

**Financial Statement Presentation**

The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 117, *"Financial Statements of Not-for-Profit Organizations"*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. In addition, it is required to present a statement of cash flows.

**Contributions**

The Organization has elected to adopt SFAS No. 116, *"Accounting for Contributions Received and Contributions Made"*. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose of the restriction.

**Contributed Goods and Services**

No amounts have been recognized in the accompanying financial statements because not all of the criteria for recognition under SFAS No. 116, *"Accounting for Contributions Received and Contributions Made"*, were satisfied.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**SCHOOL DISTRICT ALLIANCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010**

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**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**Investments**

The Organization has invested in mutual funds and other securities that are maintained by Merrill Lynch. They are recorded at currently quoted market values.

**Receivables**

Trade receivables are recorded at management's estimate of the amount that is expected to be collected. This is based in part on historical data and known subsequent collections. There is no allowance recorded in the accompanying financial statements as management expects 100% of its outstanding receivables to be collected. Revenues become susceptible to accrual when they become both measurable and available.

**Property and Equipment**

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Property and equipment purchased by the Organization is recorded at cost. They are depreciated using the straight-line method over the estimated useful lives of the assets. Equipment with an original cost of \$1,000 or greater is capitalized. Items with a cost of less than \$1,000 may be capitalized at the discretion of management. Interest during the construction or renovation of long-lived assets is normally capitalized. The earnings on the borrowings reduce this amount during the same period, if any.

**Income Taxes**

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no liability or expense has been recorded in the accompanying financial statements.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

At December 31, 2010, the Organization had \$277,639.27 in demand deposits. Collected bank balances were \$279,345.27. Collected balances exceed the \$250,000 limits secured through the Federal Deposit Insurance Corporation. The Organization accepts this risk.

**SCHOOL DISTRICT ALLIANCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010**

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**NOTE 3 – INVESTMENTS**

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured and unregistered, not registered in the name of the entity or are held either by the counter-party or the counter-party's trust department or agent but not in the entity's name. At December 31, 2010, the Organization had the following investments:

	<u>Carrying Amt</u>	<u>Cost</u>	<u>Unrealized Gain</u>
Securities	\$ <u>439,197.61</u>	\$ <u>334,673.82</u>	\$ <u>104,523.79</u>

**NOTE 4 – RECEIVABLES**

The net receivables at December 31, 2010, are as follows:

Class of Receivables

Trade	\$ <u>86,668.75</u>
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**NOTE 5 – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at June 30, 2010:

Furniture and Fixtures	\$ 6,399.00
Equipment	5,043.90
Less: accumulated depreciation	<u>(9,010.01)</u>
Net	<u>2,432.89</u>

**NOTE 6 – ACCOUNTS AND OTHER PAYABLES**

The payables are as follows at December 31, 2010:

Class of Payable

Trade	\$ <u>13,721.37</u>
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**NOTE 7 – LEASES**

The Organization leases space on a month-to-month basis for conducting meeting and other activities associated with the School District Alliance, Inc. Payments during the year totaled \$414.47.

**SCHOOL DISTRICT ALLIANCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010**

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**NOTE 8 – NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the expiration of time during the year.

Purpose restriction accomplished:

Prevention programs	\$ <u>503,873.14</u>
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**NOTE 9 – FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the various programs and supporting services of the Organization have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. This allocation is summarized in the statement of functional expenses.

**NOTE 10 – LIQUIDITY OF ASSETS AND LIABILITIES**

The liquidity of the Organization's assets and liabilities are as follows:

Cash and cash equivalents	\$ 277,639.27
Accounts and other receivables	<u>104,571.36</u>
 Total Current Assets	 382,210.63
 Accounts and other payables	 <u>(13,721.37)</u>
 Liquidity	 <u>368,489.26</u>

**NOTE 11 – RELATED PARTY TRANSACTIONS**

The Organization is due \$17,902.61 from its director, Dr. Alan Nichols.

**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

*Cash and Cash Equivalents.* Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash deposits. At December 31, 2010, the Organization had bank balances in excess of FDIC insured limits. The Organization is aware of and accepts this risk.

*Receivables and Revenues.* All receivables recorded are due from grantors of prevention and treatment of substance abuse programs supported through the U.S. Department of Health and Human Services. Approximately 99% of the Organization's support is paid from this source.



**SCHOOL DISTRICT ALLIANCE, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010**

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*Litigation and Claims.* There is no pending or threatened litigation against the Organization.

**NOTE 13 – SUBSEQUENT EVENTS**

There were no subsequent events that would materially impact the accompanying financial statements.

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## **SUPPLEMENTAL INFORMATION**

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**SCHOOL DISTRICT ALLIANCE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2010**

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Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal Expenditures
<i>Major Programs</i>		
U.S. Department of Health and Human Services Substance Abuse and Mental Health Services Administration		
Pass-Through Louisiana Office of Behavioral Health		
Prevention and Treatment of Substance Abuse	93.959	\$ 252,425.89
Pass-Through Metropolitan Human Services District		
Prevention and Treatment of Substance Abuse	93.959	<u>233,008.52</u>
Total Expenditures		<u><u>485,434.41</u></u>

**Notes to Schedules of Expenditures of Federal Awards  
Year Ended December 31, 2010**

**Basis of Presentation**

This schedule of expenditures of federal awards includes the federal grant activity of School District Alliance, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments and Non-Profit Organizations*.

See Independent Auditors' Report

**MARY SUE STAGES, CPA**  
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*Governmental Audit Quality Control Center*

**REPORT ON COMPLIANCE AND OTHER MATTERS AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Trustees of  
School District Alliance, Inc.  
3851 S. Sherwood Forest Boulevard  
Suite 203  
Baton Rouge, Louisiana 70816

We have audited the financial statements of the substance abuse programs of School District Alliance, Inc. as of and for the year ended December 31, 2010, and have issued our report thereon dated June 22, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School District Alliance, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards*.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the School District Alliance, Inc. internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District Alliance Inc.'s internal control over financial

reporting. Accordingly, we do not express an opinion on the effectiveness of the School District Alliance, Inc.'s internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the agency, the Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Mary Sue Stages, CPA  
A Professional Accounting Corporation  
June 22, 2011

**MARY SUE STAGES, CPA  
A PROFESSIONAL ACCOUNTING CORPORATION**

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Association of Governmental Accountants  
Governmental Audit Quality Control Center*

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Trustees of  
School District Alliance, Inc.  
3851 S. Sherwood Forest Boulevard  
Suite 203  
Baton Rouge, Louisiana 70816

**Compliance**

We have audited the compliance of the substance abuse programs of School District Alliance, Inc. (a nonprofit organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2010. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements referred to above is the responsibility of the substance abuse programs of School District Alliance, Inc.'s management. Our responsibility is to express an opinion on the substance abuse programs School District Alliance, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program identified in the accompanying schedule of findings and questions costs occurred. An audit includes examining, on a test basis, evidence about the substance abuse programs of School District Alliance, Inc.'s compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal

determination of the substance abuse programs of School District Alliance, Inc.'s compliance with those requirements.

In our opinion, the substance abuse programs of School District Alliance, Inc. complied, in all material respects, with the compliance requirements referred to above that are applicable to each of its major federal programs identified in the accompanying schedule of findings and questioned costs for the year ended December 31, 2010.

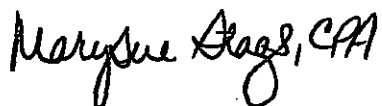
### **Internal Control Over Compliance**

Management of the substance abuse programs of School District Alliance, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements referred to above. In planning and performing our audit, we considered the substance abuse programs of School District Alliance, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the substance abuse programs School District Alliance, Inc.'s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the Organization, the Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Mary Sue Stages, CPA  
A Professional Accounting Corporation  
June 22, 2011

**SCHOOL DISTRICT ALLIANCE, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2010**

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We have audited the financial statements of the substance abuse programs of School District Alliance, Inc. as of and for the year ended December 31, 2010, and have issued our report thereon dated June 22, 2011. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2010, resulted in a qualified opinion.

**Section I      Summary of Auditors' Report**

**1.    Report on Compliance and Internal Control Material to the Financial Statements**

Compliance	Material to Statements	■ No
Internal Control	Control Deficiency (ies)	■ No
	Material Weakness	■ No

**2.    Federal Awards**

Compliance	Material to Statements	■ No
Internal Control	Control Deficiency (ies)	■ No
	Material Weakness	■ No

**3.    Identification of Major Programs**

Programs tested as major programs included all federal programs as listed in the schedule of expenditures of federal awards.

The threshold used for distinguishing between Type A and B programs was \$500,000.

**Section II      Financial Statement Findings**

N/A

**Section III    Federal Award Findings and Questioned Costs**

N/A



**SCHOOL DISTRICT ALLIANCE, INC.  
SCHEDULE OF PRIOR YEAR FINDINGS  
YEAR ENDED DECEMBER 31, 2010**

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**Section I      Internal Control and Compliance Material to the Financial Statements**

N/A

**Section II      Internal Control and Compliance Material to Federal Awards**

N/A

**Section III      Financial Statement Findings**

N/A

**Section IV      Management Letter**

N/A

**SCHOOL DISTRICT ALLIANCE, INC.  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
YEAR ENDED DECEMBER 31, 2010**

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**Section I      Internal Control and Compliance Material to the Financial Statements**

N/A

**Section II      Internal Control and Compliance Material to Federal Awards**

N/A

**Section III      Financial Statement Findings**

N/A

**Section IV      Management Letter**

N/A